



ARIZONA DEPARTMENT OF ECONOMIC SECURITY

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Janet Napolitano
Governor

Division of Developmental Disabilities
Telephone: (602) 542-0419 Fax: (602) 542-6870

John L. Clayton
Director

March 3, 2003

RE: *Request for Qualified Vendor Applications*

Dear Providers, Consumers, Families and Other Interested Parties:

Today the Division is releasing the *Request for Qualified Vendor Applications*. This is a landmark event for the Division, the consumers served by the Division, and the providers that deliver services to consumers through Division contracts. It is the third, and perhaps the most significant, change implemented to date to transform the Division's model of service delivery.

The *Request for Qualified Vendor Applications* is the procurement tool that will be used by the Division to contract with providers under the newly adopted Qualified Vendor System. The *Request for Qualified Vendor Applications* which is now posted on the Division's website, www.de.state.az.us/ddd, identifies the services covered by the *Request* in this first wave and describes the service requirements. It also describes the phased release of the new internet based Qualified Vendor Application and Directory System.

Much work remains for the Division to successfully implement the Qualified Vendor System. The Division must develop and implement additional components of the Qualified Vendor Application and Directory System, receive and process Qualified Vendor Applications, and generate provider agreements.

In addition, the Division is improving and standardizing the system for contracting with and reimbursing independent service providers. These activities should be completed and implemented in the fall of 2003.

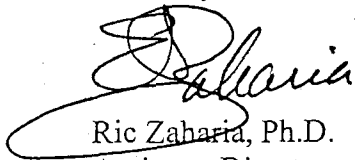
We can expect that "bumps" may arise in our implementation. As always, we appreciate your patience. The Division will continue to work in partnership with our consumers, providers, and staff to arrive at reasonable solutions that will be applied to everyone affected in the same way. We ask that the partnerships we have depended on continue. We can all take pride in what we have accomplished together to this point.

The Division is interested in receiving feedback now and as the implementation of the service delivery model continues. This feedback should be directed to Ed Rapoport, Business Operations Administrator, here at the Division.

The attachment to this letter describes in greater detail the implementation of the Qualified Vendor System. It is also recommended that you review the *Request for Qualified Vendor Applications* posted on the website. The website will be the location for any updates or amendments to the *Request for Qualified Vendor Applications*.

You may request a hard copy of the materials by contacting Business Operations at (602) 542-6874. However, all Qualified Vendor Applications must be filed electronically. For reasonable accommodations call (602) 542-6825.

Sincerely,

A handwritten signature in black ink, appearing to read "Ric Zaharia", is written over a circular stamp or seal.

Ric Zaharia, Ph.D.

Assistant Director

Division of Developmental Disabilities

**Arizona Department of Economic Security
Division of Developmental Disabilities
Background Document on
Request for Qualified Vendor Applications
March 3, 2003**

The Service Delivery Model

The Division is moving toward a model of consumer choice over the purchase and selection of services and providers. Recent statutory amendments and associated rules have established this model of consumer choice in law and rule. Consumer choice will be the basis for most provider selection.

The responsibilities and roles that were formerly the primary responsibility of the Division will now be meaningfully shifted to consumers and Qualified Vendors. The Division's new role will be to facilitate consumer choice and to assist Qualified Vendors to effectively make their program plans and availability known to consumers.

The *Request for Qualified Vendor Applications* process, including the newly created internet based Qualified Vendor Application and Directory System, is designed to help the Division fulfill this new mandate. Through the *Request for Qualified Vendor Applications* process, the Division will enter into Qualified Vendor Agreements with vendors that meet the minimum requirements of the *Request for Qualified Vendor Applications*. Applicants will not be subject to a prospective quality evaluation of their program proposal prior to the award of a Qualified Vendor Agreement (contract) by the Division but rather will be evaluated as to whether they have satisfied the established minimum requirements. This is very different from all prior contracts.

The determination of quality service will now be heavily influenced by consumer choice. Consumers will be able to change providers and utilize multiple providers. The movement to this new model is a complex process that will be unfolding over the course of the next few months.

Services Covered in the *Request for Qualified Vendor Applications*

The services included in this first *Request for Qualified Vendor Applications*:

- ❑ The in-home services of attendant care, habilitation - support, habilitation – community protection and treatment, housekeeping, and respite.
- ❑ The day treatment services for adults, and children's after school and summer programs.
- ❑ The habilitation, individually designed living program.
- ❑ The residential services of habilitation – vendor supported developmental home (child and adults), habilitation – group home, habilitation – nursing supported group home, habilitation – community protection and treatment, and room and board for all of these residential settings.

- ❑ The professional services of home health aide, nursing, occupational, physical and speech therapy (including evaluation) and occupational, physical and speech therapy early intervention.
- ❑ Transportation services.

Providers wishing to provide these services to the Division's consumers will respond to the *Request for Qualified Vendor Applications* through a web based electronic application form. This web based application will collect information from Qualified Vendors that will be used to evaluate the application. Later in the year, this information, together with additional information that the providers can choose to provide, will be used to create a Qualified Vendor Directory. This Directory will be available to consumers to facilitate the search and selection of Qualified Vendors and to the Division to match Qualified Vendors with consumers who decline to choose a Qualified Vendor. It is expected that when the Directory is implemented independent service providers will be included at their option.

Closely following this first *Request for Qualified Vendor Applications*, a second *Request for Qualified Vendor Applications* will be released. This second release will likely include the following services:

- ❑ Case management services
- ❑ Behavioral health services
- ❑ Respiratory therapy
- ❑ Assisted living services

As with the first *Request for Qualified Vendor Applications*, Published Rate Schedules covering these services will also be developed and released.

Process and Timeline

To effectively manage this first *Request for Qualified Vendor Applications*, the Division is phasing in the various elements of the process. There will be at least eight steps in this process.

Step One. The Division will hold a "Pre-Application Conference" on the *Request for Qualified Vendor Applications* on March 19, 2003. The purpose of this meeting is to explain the *Request for Qualified Vendor Applications*, listen to provider concerns, and collect feedback from participants on possible amendments to the *Request for Qualified Vendor Applications* that may be necessary. The time between today and the conference can be used by providers to review the document and, if they wish, submit questions to the Division to be addressed during the Conference. Actual applications cannot be submitted at this time, but applicants will know what to prepare when an application can be submitted.

Step Two. On March 24, 2003, the Division will release the electronic Qualified Vendor Application component of its web based Qualified Vendor Application and Directory System. This component will allow the applicants to enter most of the information necessary to complete and process their Application. While the Qualified Vendor

Application and Directory System will not be released until this time, the *Request for Qualified Vendor Applications* contains a description of the information that must be assembled to complete the electronic application. Therefore, applicants can use the time between the initial release of the *Request* and March 24, 2003 to assemble the information necessary to complete the Qualified Vendor Application.

Step Three. On March 28, 2003, the Division will hold a “Pre-Submittal Conference” to answer questions and explain the automated Qualified Vendor Application and Directory System.

Step Four. On or before April 7, 2003, the Division will adopt and release the finalized Published Rate Schedules that will initially be used as the basis of compensation under the Qualified Vendor Agreements. Since January 21, when the preliminary Published Rate Schedules were released, we have been receiving feedback on the rates. The Division is currently in the process of considering this feedback. Although no substantial changes in the rates are anticipated, the Division may make final adjustments to the rates.

The Assistant Director will be formalizing a Rate Committee. It will be this Committee’s charge to review rates, consider revisions to the Published Rate Schedules, consider new rates for services without rates and for newly defined services, and make recommendations to the Assistant Director.

Step Five. On April 7, 2003, the Division will begin accepting Qualified Vendor Applications in both electronic and hard copy forms; both will be required. The required hard copy of the application will be generated by the submitted electronic Qualified Vendor Application and Directory System and be supplemented with necessary attachments (which are not conducive to electronic submission) and the necessary signatures. If this poses an extreme hardship to a potential applicant, the Division will arrange the necessary support to the applicant upon request.

The Division will be limiting the first phase of Qualified Vendor Application submittals, which begins on April 7, to those providers that have current contracts (but not those providing services under an Independent Service Agreement). This is to ensure that the Division has sufficient time to process these applications so that services to consumers will not be interrupted because of expirations of current contracts. It is anticipated that these applications will be processed by the first week in June.

Step Six. On May 5, 2003 the Division will accept applications from new providers.

Step Seven. Later in the summer the Qualified Vendor Application and Directory System will be modified to accept optional information from Qualified Vendors that will be compiled into the Qualified Vendor Directory. Many practices and processes now used by the Division will be standardized into a single process for service authorizations, service referrals, provider selection, payment authorizations, and claim submittals. Review and revision of these systems and processes are presently underway by Division staff.

Step Eight. In the fall of 2003, a new statewide individual consumer level of need assessment instrument will be implemented for the consumers who use independent providers. The Division will accept applications from independent providers who may wish to become Qualified Vendors. Until that time, the Division will continue contracting with independent providers using Individual Service Agreements (ISAs). The independent provider rates (non-agency rates) included in the preliminary Published Rate Schedules will be withdrawn with the release of the finalized Published Rate Schedules. The rates will be re-released in the fall after the development and administration of the statewide individual consumer level of need assessment tool and the adoption of rate modifiers. In the interim, independent providers will continue to be compensated pursuant to the independent rate schedule used in their current district agreements.